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SUBJECT: TITAS 2004 Focuses on Facing 2005:
Regional Textile Manufacturers' Differ in Strategy

1. Summary. The Taipei International Textile & Apparel Show 2004 (TITAS 2004) kicked off on September 21. 280 domestic/foreign companies participated in the three-day event. Aside from the exhibition, 13 seminars by various agencies including the American Apparel Producers' Network (AAPN), Jockey International Inc., Vietnam Textile and Apparel Association (VTAA), Karnali Cashmere Industries and Trade Card, discussed improvement in supply-chain management, customer relations, product research and development trends, and strategies for facing the elimination of the Multifiber Agreement. End summary.

TITAS 2004: Bigger than Ever

2. TITAS 2004, the premier textile trade show in Taiwan, was held at the Taipei World Trade Center, September 21-23. Participation in this year's event was up over 20 percent from 2003.

3. Two hundred ten domestic, 18 foreign, 24 PRC based textile manufacturers and 28 related domestic/foreign associations sponsored 550 booths in the 2004 show. In 2003, there were 420 booths for 182 manufacturers and related agencies.

4. Fifty-one percent of the exhibitors represented the apparel and garment industry, 8 percent were home/furniture textile related, 36 percent were technical/engineered textile related, and the rest were associated products/services such as designers, media, inspection & certification agencies and planning and consulting companies.

5. 18,402 people attended this year's event, a twenty percent increase over 2003. Ninety-one percent represented domestic industries and nine percent were foreign visitors. In 2003, the ratio was ninety-four percent and six percent respectively.

Seminars Discuss Boosting Competitiveness

6. Exhibitors from different regions tended to focus on different aspects of the textile trade to boost their competitiveness. U.S. manufacturers were focused on brand and wholesale management strategies, Central-America countries were interested in production investment input, Taiwan manufacturers prioritized upgrading product quality, and Chinese companies are looking to strengthen market channels.

7. In a seminar titled "The Changing American Apparel Industry", Mr. Mike Todaro from the American Apparel Producers' Network (AAPN) pointed out the importance of price, supply-chain and the instant message. His message was that the origin of production is no longer important, price is now the crucial factor. Todaro predicted that companies with their own brands and markets must streamline their supply chains. Whoever owns the most powerful and efficient supply chain will have the competitive advantage. Companies also need to cut short the distance between themselves and the customers by providing better and quicker services, such as on-line services.

8. Mr. Brad Beal from Jockey International Inc., in the seminar "Executing a Successful Central American Business Plan", pointed out the advantages of investing in Central America in anticipation of the Central America Free Trade Agreement (CAFTA). Investors will be able to increase the speed of receiving raw materials and

accessing the U.S. market. According to Beal, cost competitiveness and worker efficiency in Central America also appeal to manufacturers. Beal emphasized that manufacturers in Central America are heading toward what he called the "full packaging" stage, including tightening the supply chain and moving closer to markets.

9. In a discussion on "Branded Clothing from China", Ms. Chia Hwa from Pei King E-Wan Garment Co., Mr. Chen Kuan Chan from Chuan Guen Gran Garment Co., and Mr. Chu Gan-ching from Pei King Chen Pei Technology Co. shared their experiences of establishing brands and opening markets in China. They emphasized the importance of market orientation, interaction with employees and customers, and service packaging (after service, special-day gifts, anniversary booklets).
Regional Differences as Manufacturers Prepare for Lifting of MFA

10. COMMENT: According to seminar participants, global manufacturers are pursuing different strategies to strengthen their market position in preparation for the lifting of textile quotas in January 2005. Those companies that have their own brands are trying to cut down production time and cost by centralizing suppliers and shortening supply chains. They also seek to build closer relationships with their customers so they can be more responsive to consumers needs. Asian and Central American textile manufacturers are shifting production lines to places with lower raw material and labor costs, as long as time to market is not compromised.

11. Manufacturers in Taiwan and China appear to be adopting very different strategies in the face of a seismic shift in the textile industry. Taiwan based companies are focusing on product development and upgrading in an attempt to remain competitive in the global market, but have done little to develop their own brands or build relations with end users. Chinese companies, conversely, seem to be paying little attention to product quality but are focused on branding and marketing, especially within the Chinese domestic market.

PAAL